

**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of Frontier Communications )  
Northwest Inc.'s Petition to be Regulated ) UT-121994  
as a Competitive Telecommunications )  
Company Pursuant to RCW 80.26.320 )

**TESTIMONY OF DOUGLAS DENNEY  
ON BEHALF OF INTEGRA  
IN SUPPORT OF SETTLEMENT OF CLEC ISSUES BETWEEN  
FRONTIER COMMUNICATIONS NORTHWEST INC.  
AND  
CBEYOND COMMUNICATIONS LLC,  
INTEGRA TELECOM OF WASHINGTON, INC.,  
TW TELECOM OF WASHINGTON, LLC,  
LEVEL 3 COMMUNICATIONS, LLC, AND  
CHARTER FIBERLINK WA-CCVII, LLC**

**APRIL 25, 2013**

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1 **I. INTRODUCTION**

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A. My name is Douglas Denney. I work at 1201 Lloyd Blvd, Suite 500 in Portland, Oregon.

4 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

5 A. I am employed by Integra Telecom, Inc., as Integra's Vice President of Costs and Policy.  
6 I am responsible for Integra's policy positions and advocacy before state and federal  
7 regulators. My job duties include negotiating interconnection agreements, monitoring,  
8 reviewing and analyzing the wholesale costs Integra or its subsidiaries pay to carriers  
9 such as Frontier, and representing Integra and its affiliates on regulatory issues.

10 Integra Telecom, Inc. has eight affiliated companies in Washington. These companies  
11 are: Integra Telecom of Washington, Inc., Electric Lightwave, LLC., Eschelon Telecom  
12 of Washington Inc., Advanced TelCom, Inc., OCG Telecomm Limited, Shared  
13 Communications Services, Inc., Oregon Telecom Inc., and United Communications, Inc.  
14 For convenience, I will generally refer to Integra Telecom, Inc. and its affiliates as  
15 Integra.

16 **Q. PLEASE DESCRIBE YOUR EDUCATION AND PROFESSIONAL**  
17 **BACKGROUND.**

18 A. I received a B.S. degree in Business Management from Phillips University in 1988. I  
19 spent three years doing graduate work at the University of Arizona in Economics, and  
20 then I transferred to Oregon State University where I have completed all the requirements

1 for a Ph.D. except my dissertation. My field of study was Industrial Organization, and I  
2 focused on cost models and the measurement of market power. I taught a variety of  
3 economics courses at the University of Arizona and Oregon State University. I was hired  
4 by AT&T in December 1996 and spent most of my time with AT&T analyzing cost  
5 models. In December 2004, I was hired by Eschelon Telecom, Inc. (“Eschelon”).  
6 Eschelon was purchased by Integra in August 2007. I am presently employed by Integra.

7 I have participated in over 50 proceedings in the Integra operating territory. Much of my  
8 prior testimony involved cost models — including the HAI Model, BCPM, GTE’s ICM,  
9 US WEST’s and Qwest’s UNE cost models, and the FCC’s Synthesis Model. I have also  
10 testified about issues relating to the wholesale cost of local service — including universal  
11 service funding, unbundled network element pricing, geographic de-averaging, and  
12 competitive local exchange carrier access rates. I testified on a number of issues in the  
13 Eschelon-Qwest arbitrations,<sup>1</sup> and have been involved in the “non-impaired” wire center  
14 lists and related issues involving CenturyLink (previously Qwest) and Frontier  
15 (previously Verizon). I have also been involved in the merger dockets associated with  
16 both CenturyLink and Frontier.

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<sup>1</sup> The docket numbers for the Qwest-Eschelon ICA arbitrations are, for Arizona, T-03406A-06-0572; T-01051B-06-0572 (“Arizona arbitration”); for Colorado, 06B-497T (“Colorado arbitration”); for Minnesota, P-5340, 421/IC-06-768 (“Minnesota arbitration”); for Oregon, ARB 775 (“Oregon arbitration”); for Utah, 07-2263-03 (“Utah arbitration”); and for Washington, UT-063061 (“Washington arbitration”).

1 **Q. HAVE YOU PREVIOUSLY TESTIFIED IN WASHINGTON?**

2 A. Yes. I have been involved in numerous dockets in Washington over the years while  
3 working for AT&T, Eschelon, and Integra. I've participated in multiple UNE cost  
4 dockets in Washington including multiple phases of docket UT-960369 regarding shared  
5 transport and geographic deaveraging. In addition, I was involved in all other aspects of  
6 this docket providing witness support and reviewing compliance filings. I filed testimony  
7 again on geographic deaveraging in docket UT-023003 and provided witness support in  
8 that docket on other issues. I filed testimony in docket UT-033044, the original Triennial  
9 Review Order ("TRO") docket, which was suspended in the middle of the hearings when  
10 the D.C. Circuit Court remanded parts of the TRO to the FCC. I've also been involved in  
11 the subsequent Triennial Review Remand Order ("TRRO") docket UT-053025 regarding  
12 the impact of the TRO and TRRO on competition. As part of that docket, I was involved  
13 in the "non-impaired" wire center list workshops and following investigations for both  
14 Qwest and Verizon.<sup>2</sup> I've been involved in docket UT-100562 regarding the future of  
15 state universal service and intrastate access rates. I also filed testimony in the Frontier-  
16 Verizon and CenturyLink-Qwest acquisition in dockets (UT-090842 and UT-100820). I  
17 testified in docket UT-063061 regarding the interconnection agreement arbitration  
18 between Eschelon and Qwest. In addition, I was involved in all aspects of the 2007  
19 stipulation regarding changes to Qwest's Performance Assurance Plan which was  
20 approved by this Commission (docket UT-073024) and is the current performance

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<sup>2</sup> See dockets UT-073033, UT-073035, and UT-083060.

1 assurance plan in place in Washington today. I was also involved in Qwest's AFOR  
2 docket, UT-061625, and its subsequent impact on Qwest's wholesale performance.

3 Most recently, I testified in docket UT-111254 regarding CenturyLink's compliance with  
4 certain merger conditions associated with its operational support systems.

5 **Q. PLEASE DESCRIBE HOW YOUR TESTIMONY IS ORGANIZED.**

6 A. The first section of this testimony introduces this testimony, describes my background  
7 and describes Integra. The second section of this testimony describes the purpose of this  
8 testimony and asks that if the Commission is inclined to grant Frontier's petition for  
9 competitive classification, that it also approve and adopt the Settlement of CLEC Issues  
10 reached between Frontier and the competitive intervenors ("CLECs").<sup>3</sup> The third section  
11 describes the *Settlement of CLEC Issues*<sup>4</sup> and why this agreement is necessary and  
12 consistent with the Commission's Order 04. The fourth section provides my  
13 recommendation to the Commission and concludes my testimony.

14 **Q. ARE THERE ANY EXHIBITS TO YOUR TESTIMONY?**

15 A. Yes. Exhibit DD-2 contains a list of references to Frontier's tariffs from the  
16 interconnection agreement between Integra Telecom of Washington, Inc. and Frontier.  
17 This will be referenced to explain the importance of conditions describing how these

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<sup>3</sup> CLEC stands for Competitive Local Exchange Carrier and is defined in the *Settlement of CLEC issues*, p. 2.

<sup>4</sup> The *Settlement of CLEC Issues* can be found attached to Joint Motion of Frontier and CLEC Intervenors for Leave to File Narrative and Testimony in Support of Settlement Agreement, Docket No. UT-121994, April 17, 2013. See also the Testimony of Don J. Wood, April 25, 2013, Exhibit DJW-3.

1 tariffs and price lists will be treated with respect to interconnection agreements if Frontier  
2 is granted competitive classification.

3 **Q. PLEASE PROVIDE AN OVERVIEW OF INTEGRA AND ITS BUSINESS?**

4 A. Integra is a competitive local exchange carrier (“CLEC”) providing communications  
5 services across 33 metropolitan areas in 11 states of the Western United States. We own  
6 (directly or under indefeasible rights to use) and operate backbone fiber networks. These  
7 backbone networks connect to our intercity, interstate data network for a combined 5,000  
8 fiber route-mile network in the Western U.S. We provide a comprehensive suite of high-  
9 quality data, broadband and voice services to more than 80,000 small-to-medium-sized  
10 business customers and “enterprise” customers.

11 Our network is designed to deliver products such as Ethernet at speeds of up to 10 Gbps  
12 over a variety of delivery technologies<sup>5</sup> tailored to the unique applications of our small-  
13 to-medium-sized business, enterprise and wholesale customers, including Ethernet over  
14 direct fiber access, Ethernet over copper and Ethernet over next-generation bonded digital  
15 subscriber lines, or DSL. We have 230 unique collocations, 42 in Washington, positioned  
16 across our markets. Providing services to our customers primarily over our owned  
17 switching and transport facilities allows us to control the quality and reliability of our  
18 service offerings and efficiently innovate and provide advanced products and services.  
19 At the same time, we cannot be successful without access to the last-mile, and Frontier is  
20 virtually the only supplier of last-mile facilities within its territory.

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<sup>5</sup> <http://www.integratelecom.com/enterprise/products/Pages/ethernet-services.aspx>

1 While we continue to make large investments in expanding and upgrading our network,  
2 we remain almost entirely dependent upon the incumbent local exchange carrier for last  
3 mile connections to our customers. As a result, if incumbent local exchange carriers are  
4 able to eliminate or hamper Integra through actions in its wholesale markets, Integra's  
5 ability to compete in retail markets at competitive rates, terms, and conditions would be  
6 thwarted.

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8 **II. PURPOSE OF THIS TESTIMONY**

9 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS DOCKET?**

10 A. The purpose of this testimony is to describe the *Settlement of CLEC Issues* reached  
11 between Frontier and the CLEC Intervenors in this docket and explain why this  
12 Commission should adopt the settlement agreement, to the extent the Commission grants  
13 Frontier's request for competitive classification, as part of its order in this docket. This  
14 testimony accompanies the testimony of Mr. Wood<sup>6</sup> and Mr. Phillips<sup>7</sup> regarding the  
15 *Settlement of CLEC Issues*.

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<sup>6</sup> Testimony of Don J. Wood on behalf of Cbeyond, Charter Fiberlink, Level 3, and tw telecom, Docket No. UT-121994, April 25, 2012.

<sup>7</sup> Testimony of Jack D. Phillips on behalf of Frontier, Docket No. UT-121994, April 25, 2012.



1 **Q. DOES INTEGRA TAKE A POSITION ON WHETHER THE COMMISSION**  
2 **SHOULD GRANT OR DENY FRONTIER’S REQUEST FOR COMPETITIVE**  
3 **CLASSIFICATION?**

4 A. No, however, as described in the *Settlement of CLEC Issues*, Integra “will not oppose  
5 Frontier’s Petition in this docket.”<sup>8</sup> As described above, Integra purchases wholesale  
6 services from Frontier, which Integra relies upon, along with its own network  
7 investments, to provision final products to end user customers within the Frontier service  
8 territory. Integra’s concerns in this docket surround Frontier’s dual role as both Integra’s  
9 largest wholesale provider and largest competitor in the Frontier service territory. Integra  
10 was concerned that without proper safeguards in place, such as those outlined in the  
11 *Settlement of CLEC Issues*, treatment of Frontier as a competitive provider within its own  
12 service territory would provide Frontier a greater opportunity to exploit its position as  
13 both a wholesale provider and retail competitor, especially in the face of reduced  
14 regulatory oversight.

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<sup>8</sup> *Settlement of CLEC Issues*, section I, p. 1.

1 **Q. DID NOT THIS COMMISSION CONCLUDE THAT “CLASSIFICATION OF**  
2 **FRONTIER AS A COMPETITIVE TELECOMMUNICATIONS COMPANY**  
3 **WOULD HAVE NO EFFECT ON THE LEGAL REQUIREMENTS**  
4 **APPLICABLE TO VIRTUALLY ALL, IF NOT ALL, THE SERVICES**  
5 **FRONTIER PROVIDES TO OTHER CARRIERS?”<sup>9</sup>**

6 A. Yes, and Integra generally agrees with this conclusion.<sup>10</sup> However, as will be explained  
7 in more detail below, while competitive classification would generally not affect the legal  
8 requirements faced by Frontier, competitive classification could impact the mechanisms  
9 by which the legal requirements are enforced. As a result, the CLEC Intervenors,  
10 including Integra,<sup>11</sup> met with Frontier and agreed to the provisions contained in the  
11 *Settlement of CLEC Issues* in order to clarify how the Frontier wholesale provider  
12 relationship would work in the case of competitive classification.

13  
14 **III. THE SETTLEMENT OF CLEC ISSUES**

15 **Q. PLEASE BROADLY DESCRIBE THE SETTLEMENT OF CLEC ISSUES?**

16 A. The *Settlement of CLEC Issues* broadly covers four areas: Commission authority;  
17 conditions related to ICA Wholesale Services; conditions related to Non-ICA Wholesale  
18 Services; and General Provisions. The *Settlement of CLEC Issues* clarifies that the

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<sup>9</sup> Order 04, Order Denying CLEC Intervenor Motion to Dismiss Petition, Docket UT-121994, March 29, 2013, ¶ 15.

<sup>10</sup> There are a few exceptions as described below.

<sup>11</sup> I was personally involved in the negotiations on behalf of Integra.

1 Commission has authority over the provisions contained in the settlement and explains  
2 the process by which the Commission exercises its authority in the face of disagreements  
3 between the parties.<sup>12</sup> The *Settlement of CLEC Issues* also describes how this agreement  
4 can be amended and creates a period of stability where-by no rates can be increased  
5 and/or conditions removed.<sup>13</sup>

6 The *Settlement of CLEC Issues* conditions 1 through 4 address ICA Wholesale Services<sup>14</sup>.  
7 Condition 1 describes the process by which tariffs will be converted to service catalogues  
8 and incorporated into CLEC's interconnection agreements.<sup>15</sup> Conditions 2 through 4  
9 clarify the process to amend interconnection agreements and Commission authority to  
10 arbitrate disputes regarding interconnection agreements.<sup>16</sup>

11 The *Settlement of CLEC Issues* deals with Non-ICA Wholesale Services<sup>17</sup> in conditions 5  
12 through 8. Similar to condition 1 for ICA Wholesale Services, condition 5 describes the  
13 process by which tariffs will be converted to service catalogues. This condition also  
14 establishes Commission authority over services Frontier wishes to discontinue or

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<sup>12</sup> *Settlement of CLEC Issues*, sections III, IV & V (p. 1), condition 1 (p. 3), condition 5 (p. 4), and condition 12 (p. 6).

<sup>13</sup> *Settlement of CLEC Issues*, section VI (p. 1), condition 6 (p.4), and condition 8 (p. 5).

<sup>14</sup> ICA Wholesale Services are defined in the *Settlement of CLEC Issues*, p. 2. It includes "all services and facilities provided pursuant to interconnection agreements entered into pursuant to the Telecommunications Act of 1996."

<sup>15</sup> *Settlement of CLEC Issues*, condition 1 (p. 3).

<sup>16</sup> *Settlement of CLEC Issues*, condition 2 (p. 3), condition 3 (pp. 3-4) and condition 4 (p. 4).

<sup>17</sup> Non-ICA Wholesale Services is narrowly defined in the *Settlement of CLEC Issues*, p. 2. It includes only those facilities provided pursuant to tariffs "WN U-16 Facilities for Intrastate Access and WN U-23 Advanced Data Services."

1 terminate,<sup>18</sup> except in the case of mutual agreement between Frontier and the competitive  
2 provider.<sup>19</sup> Condition 7 assures that Non-ICA Wholesale services will continue to be  
3 offered and that rates are predictable.<sup>20</sup> Condition 8 establishes the process for  
4 increasing rates for Non-ICA Wholesale Services.<sup>21</sup>

5 The *Settlement of CLEC Issues* General Conditions assure that Frontier's offerings are  
6 required to be "fair, just, reasonable and sufficient..."<sup>22</sup> Conditions 10 and 11 assure that  
7 Frontier does not give any "undue or unreasonable preference or advantage" to either  
8 itself or others.<sup>23</sup> Condition 13, along with condition 8 describes that the burden of proof  
9 in the case of ambiguity<sup>24</sup> or in the event Frontier desires to increase rates,<sup>25</sup> falls upon  
10 Frontier. Finally, condition 14 makes clear that the *Settlement of CLEC Issues* will not  
11 go into effect if the Commission denies Frontier's petition in this docket.<sup>26</sup>

12 **Q. ARE THE CONDITIONS DESCRIBED ABOVE CONSISTENT WITH**  
13 **COMMISSION ORDER 04?**

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18 *Settlement of CLEC Issues*, condition 5 (p. 4).

19 *Settlement of CLEC Issues*, condition 6 (p. 4).

20 *Settlement of CLEC Issues*, condition 7 (p. 5).

21 *Settlement of CLEC Issues*, condition 8 (p. 5).

22 *Settlement of CLEC Issues*, condition 9 (p. 5).

23 *Settlement of CLEC Issues*, conditions 10 and 11 (p. 5).

24 *Settlement of CLEC Issues*, condition 13 (p. 6).

25 *Settlement of CLEC Issues*, condition 8 (p. 5).

26 *Settlement of CLEC Issues*, condition 14 (p. 6).

1 A. Yes. The Commission acknowledged that it was concerned with an incumbent carrier's,  
2 such as Frontier's, ability, "to leverage wholesale market power into retail markets."<sup>27</sup>

3 The Commission explained, "Effective competition cannot exist if Frontier has the ability  
4 to eliminate or substantially hamper its competitors' ability to make functionally  
5 equivalent or substitute services readily available in the relevant market at competitive  
6 rates, terms, and conditions."<sup>28</sup>

7 The conditions described above are set to mitigate competitive carrier concerns regarding  
8 Frontier's ability to leverage its dual role in wholesale and retail markets. For example,  
9 conditions 10 and 11 provide explicit prohibitions against unreasonable prejudice or  
10 competitive disadvantage. These conditions also make clear that this Commission  
11 remains the arbitrator of these types of disputes, should any arise.

12 The Commission concluded, "that classification of Frontier as a competitive  
13 telecommunications company would have no effect on the legal requirements applicable  
14 to *virtually all*, if not all, the services Frontier provides to other carriers,"<sup>29</sup> and that, "as  
15 classifying the Company as competitive would not impact the CLECs' ability to obtain  
16 those services at rates, terms, and conditions that are subject to Commission review and  
17 approval."<sup>30</sup>

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<sup>27</sup> Order 04, ¶ 14.

<sup>28</sup> Order 04, ¶ 14.

<sup>29</sup> (emphasis added) Order 04, ¶ 15.

<sup>30</sup> Order 04, ¶ 16.

1 This conclusion is generally true since most of the services that are subject to this petition  
2 provided by Frontier to other carriers are purchased through interconnection agreements.  
3 In addition, the FCC has taken jurisdiction over a number of intrastate switched access  
4 rate elements.<sup>31</sup> However, it is not the case for all intrastate switched access services,  
5 intrastate special access services and advanced data services contained in tariff WN U-23  
6 and the conditions applicable to Non-ICA Wholesale Services provide protections and  
7 assurances to competitive carriers for these products.

8 For the most part the conditions in the *Settlement of CLEC Issues* merely clarify  
9 Commission jurisdiction over these products and services and identifies the path by  
10 which Frontier and the competitive carriers must follow to bring these issues before the  
11 Commission.

12 **Q. WHY ARE THESE CONDITIONS NECESSARY IN LIGHT OF COMMISSION**  
13 **ORDER 04?**

14 A. While competitive classification would generally not affect the legal requirements faced  
15 by Frontier, competitive classification could impact the mechanisms by which the legal  
16 requirements are enforced. For example, while “Federal law governs interconnection,  
17 access to unbundled network elements, and other services Frontier must provide to its

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<sup>31</sup> Report and Order and Further Notice of Proposed Rulemaking, FCC 11-161, In the Matter of Developing an Unified Intercarrier Compensation Regime, CC Docket No. 01-92, (“FCC’s Intercarrier Compensation Order”), ¶¶ 764-765. It should also be noted that many aspects of the *FCC’s Intercarrier Compensation Order* are currently under appeal, including the FCC’s jurisdiction over intrastate rates.

1 local exchange service competitors,”<sup>32</sup> and provides that the “Commission may  
2 implement and enforce those federal obligations,”<sup>33</sup> it does not provide the level of detail  
3 contained in the *Settlement of CLEC Issues*.

4 For example, terms and conditions are contained in the interconnection agreements  
5 between Frontier and competitive carriers. If either party wishes to alter these  
6 agreements they must first attempt to negotiate a resolution with each other. If that fails,  
7 then either party may choose to arbitrate the dispute before the Commission.<sup>34</sup> Neither  
8 party can unilaterally change the provisions contained within an interconnection  
9 agreement. However, in some cases the interconnection agreement may refer to a tariff.<sup>35</sup>

10 The rules by which Frontier may change the provisions of a tariff differ from the rules  
11 governing changes to an interconnection agreement. Currently, Frontier must give  
12 advanced notice and justification for proposed tariff changes<sup>36</sup> and the Commission has  
13 the ability to reject the tariffs if it doesn’t meet all the requirements.<sup>37</sup> If Frontier is  
14 granted competitive classification and its tariffs are removed or converted into price lists  
15 or service catalogs, the mechanism for explicit Commission approval of tariff changes is  
16 eliminated. Without the conditions proposed in the *Settlement of CLEC Issues*, price lists

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<sup>32</sup> *Order 04*, ¶ 15.

<sup>33</sup> *Order 04*, ¶ 15.

<sup>34</sup> For example, see the Integra-Frontier Interconnection Agreement sections III.3 (Amendments) and III.15 (Dispute Resolution).

<sup>35</sup> See exhibit DD-2. This exhibit contains a list of references to the tariff in the Integra-Frontier Interconnection Agreement. Note that Integra Telecom of Washington, Inc. opted into an agreement between Covad and GTE. This agreement has been subsequently amended over time.

<sup>36</sup> See, for example, Washington Administrative Code Chapter 480-80-105.

<sup>37</sup> See, for example, Washington Administrative Code Chapters 480-80-123 and 480-80-124.

1 and service catalogs, that are no longer subject to a tariff or are not incorporated directly  
2 into an interconnection agreement, can be changed without Commission approval and  
3 without an attempt by Frontier to negotiate a mutually agreeable solution with carriers  
4 impacted by such a change. Then, if a competitive carrier objected to such a change, it  
5 would be incumbent upon the competitor to file a complaint with the Commission and  
6 demonstrate that such a change is inconsistent with the rules and laws governing such a  
7 service. Complaints before a regulatory body are expensive and often the cost of raising  
8 the dispute will outweigh the harm of the individual change itself. This provides the  
9 advantage to the party that is able to make changes – Frontier -- without the consent of  
10 the other party -- competitive carriers. In the *Settlement of CLEC Issues*, the CLEC  
11 intervenors and Frontier were able to reach a reasonable solution to this problem by  
12 explicitly incorporating the provisions of a price list and/or service catalog into the  
13 interconnection agreements governing the relationship between the parties. This is an  
14 optimal solution since neither party can unilaterally dictate changes to the agreement  
15 while encouraging the parties to negotiate and seek out mutually beneficial solutions.<sup>38</sup>

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<sup>38</sup> This Commission previously adopted a similar condition in relation to an issue from the Eschelon-Qwest arbitration. Eschelon desired that service interval be incorporated into its interconnection agreement so that the intervals could not be unilaterally changed by Qwest through the change management process. The ALJ concluded, “[a]dopting Eschelon’s first proposal, in essence, preserves the status quo and requires changes through a stable process [the interconnection agreements].” (Order 16, Docket No. UT-063061, January 18, 2008). This determination was subsequently upheld by the Commission in Order 18 (October 16, 2008).



1 **Q. WHAT HAPPENS IN THE CASE WHERE THE WHOLESALE SERVICES**  
2 **PROVIDED BY FRONTIER ARE NOT PART OF AN INTERCONNECTION**  
3 **AGREEMENT AND UNDER WHAT CONDITIONS DO COMPETITIVE**  
4 **CARRIERS USE NON-ICA WHOLESALE SERVICES?**

5 A. The settlement provisions governing Non-ICA Wholesale Services apply to these  
6 services. It should be noted that these provisions include only those facilities provided  
7 pursuant to tariffs “WN U-16 Facilities for Intrastate Access and WN U-23 Advanced  
8 Data Services.”<sup>39</sup> These services are not governed by interconnection agreements  
9 negotiated between the parties, and as a result, cannot easily be rolled into existing  
10 agreements over which the Commission clearly has jurisdiction. For example, WN U-16  
11 contains provisions related to both switched and special access services, both of which  
12 are consumed by competitive carriers. While switched and special access services are  
13 also available through interstate tariffs, certain tariff provisions determine whether the  
14 service must be ordered out of the intrastate or interstate tariff.<sup>40</sup> As explained in the  
15 testimony of Mr. Wood, there are certain circumstances where a competitor is forced to  
16 purchase special access rather than unbundled network elements which are contained in  
17 the interconnection agreement. Unbundled network elements can’t be used to serve all  
18 types of competitors’ customers, such as interexchange carriers or wireless cell towers.<sup>41</sup>

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<sup>39</sup> *Settlement of CLEC Issues*, definition of Non-ICA Wholesale Services, p. 2.

<sup>40</sup> See for example section 5.1.6(A) of WN U-16 regarding ordering requirements for special access service. These same types of rules regarding whether the service is ordered from intrastate or interstate tariffs is also contained in WN U-23 (see section 2, original sheet 6).

<sup>41</sup> The interconnection agreements generally describe the limited use of unbundled network elements.

1 They also can't be used for internal use by a competitor or where there has been a  
2 demonstration that the last mile or transport route meets the requirements to be classified  
3 as "non-impaired." Special access is often the only alternative in these situations.

4 **Q. WHAT IS THE NEED FOR CONDITIONS LIMITING RATE CHANGES FOR**  
5 **PRODUCTS AND SERVICES OFFERED TO COMPETITIONS THROUGH ICA**  
6 **AND NON-ICA WHOLESALE SERVICES?**

7 A. If the Commission were to classify Frontier as a competitive carrier, it would provide  
8 Frontier with significant flexibility with respect to prices, terms and conditions that it  
9 offers its end user customers. Frontier has testified that this classification will provide  
10 them with a greater opportunity to compete.<sup>42</sup> Competitive carriers are by definition  
11 competitors of Frontier in the markets they serve. While the competitors are not  
12 opposing Frontier's petition in this docket, if granted, Frontier will be a stronger  
13 competitor to competitive carriers and as a result bring a degree of uncertainty to the  
14 markets which competitors serve. This uncertainty can be minimized by placing a  
15 temporary cap on the rates that Frontier charges to competitors for ICA and non-ICA  
16 wholesale services. This will focus Frontier's efforts on winning (or losing) in the  
17 marketplace based on the services and prices it can offer, which benefits end user  
18 customers, rather than through raising the wholesale prices faced by its competitors,  
19 which would benefit only Frontier. After the expiration of the temporary cap on  
20 wholesale rates, Frontier can only increase the rates it charges to competitors upon

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<sup>42</sup> For example, see the Direct Testimony of Jack D. Phillips on behalf of Frontier, UT-121994, February 28, 2013, p. 5, lines 4-7, p. 12, lines 4-5, and p. 55, lines 4-10.

1 approval by the Commission. This process will assure that rate increases, if any, are  
2 justified and in the public interest, and not a result of anti-competitive action by Frontier.

3 **IV. CONCLUSION**

4 **Q. WHAT DOES INTEGRA RECOMMEND TO THIS COMMISSION?**

5 A. Integra recommends that if the Commission grants Frontier’s request for competitive  
6 classification that the Commission also adopt the *Settlement of CLEC Issues* and  
7 incorporate the *Settlement of CLEC Issues* into the Commission’s order in this docket.  
8 The Commission noted that it “has the ability to adopt appropriate conditions on any  
9 competitive classification granted to Frontier to ensure the vitality of competition and  
10 protect end user customers...”<sup>43</sup> This testimony, along with the testimony of Mr. Wood  
11 and Mr. Phillips creates the record that supports the adoption of such conditions, as  
12 required by the Commission.<sup>44</sup>

13 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

14 A. Yes.

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<sup>43</sup> Order 04, ¶ 15, footnote 11.

<sup>44</sup> Order 04, ¶ 15, footnote 11.